



June 19, 1998

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Dear Mr. Greenstein:

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I am in receipt of your June 15, 1998, letter requesting an additional two weeks for further negotiation of the rates and terms for a statutory license governing digital phonorecord deliveries. In light of the progress that you submit is being made in these negotiations, I am granting the request for additional time until June 30, 1998.

Please advise us of the success of the negotiations by the close of business on June 30 so that the Copyright Office may take the necessary steps to resolve this rate adjustment proceeding.

101 Independence
Avenue, S.E.

Washington, D.C.
20559-6000

Sincerely,

David O. Carson
General Counsel

Mr. Seth D. Greenstein
McDermott, Will & Englund
600 13th Street, N.W.
Washington, D.C. 20005-3096

cc: Steven R. Englund
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MCDERMOTT, WILL & EMERY

June 30, 1998

VIA FACSIMILE, MAIL CONFIRMATION

David Carson, Esq.
General Counsel
Copyright Office, Room 403
James Madison Building
101 Independence Avenue, S.E.
Washington, D.C. 20559-6000

Re: CARP DPRA No. 96-4

Dear General Counsel Carson:

Thank you for your letter of June 19, and the extension of time granted therein to the Coalition of Internet Webcasters. As we noted in our May 12 meeting at the Copyright Office, the proposed regulations pose difficult choices for companies that create the technologies that facilitate Internet transmissions, and that transmit content interactively and noninteractively over digital networks. The additional time proved useful for purposes of our consideration of the proposed settlement terms.

Regrettably, the members of the Coalition are unable to reach closure in the time available as to whether to accept the settlement offer. The choice between settlement and arbitration carries a certain degree of business and litigation risk, and there is no clear choice between them.

We thank you again for your efforts to assist in informally resolving this matter. Please contact me if you have any questions.

Sincerely yours,



Seth D. Greenstein

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*NOT AN ACTIVE MEMBER OF THE DC BAR.
**ADMITTED IN FRANCE ONLY.

June 30, 1998

Via Facsimile and First-Class Mail

David O. Carson, Esq.
General Counsel
Copyright Office, Room LM-407
James Madison Memorial Building
First and Independence Avenue, S.E.
Washington, DC 20540

Digital Phonorecord Delivery Rate Adjustment Proceeding, Docket No. 96-4 CARP DPRA

Dear Mr. Carson:

As of 5:00 p.m. today, I have received no response to my letter of June 26, 1998 to Seth Greenstein, a copy of which was sent to the Copyright Office and the other parties to this proceeding. I have just received Mr. Greenstein's letter to the Copyright Office dated June 30, 1998, which still does not respond to my letter and indicates that his clients have been "unable to reach closure"

As noted in my June 26 letter to Mr. Greenstein, with the sole exception of Mr. Greenstein's clients, all parties have agreed to an amicable resolution of this matter.

AUL, WEISS, RIFKIND, WHARTON & GARRISON

David O. Carson, Esq.

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NMPA/HFA, SGA and RIAA, the original petitioners in this proceeding, will submit to you and all parties by July 10 their views as to the appropriate disposition of this proceeding.

Sincerely,



Carey R. Ramos

CRR/caw

cc: Steven R. Englund
Seth D. Greenstein
Bruce G. Joseph
Michael J. Remington
Cary H. Sherman

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*NOT ADMITTED TO NEW YORK BAR.
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GENERAL COUNSEL
OF COPYRIGHT

June 26, 1998

JUN 26 1998

RECEIVED

BY FACSIMILE AND EXPRESS MAIL

Seth D. Greenstein, Esq.
McDermott, Will & Emery
600 13th Street, N.W.
Washington, D.C. 20005-3096

Digital Phonorecord Delivery Rate Adjustment
Proceeding, Docket No. 96-4 CARP DPRA

Dear Seth:

On May 12, 1998, we met with the Copyright Office regarding the status of our efforts to settle issues raised by your clients with regard to the above-referenced proceeding. At that meeting, we were given a deadline of June 15, 1998 to complete our negotiations and report back to the Copyright Office. On May 21, 1998, I personally presented you with a detailed written settlement proposal on behalf of my clients National Music Publishers' Association and The Harry Fox Agency, Inc. That proposal was a further iteration of an earlier proposal I had sent you some weeks before. When I gave you our May 21 proposal, I reminded you that we had a

PAUL WEISS, RIFKIND, WHARTON & CARRISON

Seth D. Greenstein, Esq.

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deadline of June 15, 1998 to get back to the Copyright Office. You acknowledged your awareness of that deadline.

Since that date, we have yet to receive any response from you or your clients with regard to our proposal. Instead on June 15 -- the last day we had to get back to the Copyright Office -- you advised me that your clients were still reviewing the proposal, that you were "optimistic" about reaching a settlement and that you needed an additional two weeks for that purpose. Based on that representation, we agreed to join you in seeking a two-week extension. Since it was your clients that needed additional time, I asked that you write to the Copyright Office to request the extension. On that same day, you wrote to the Copyright Office requesting an extension of time until June 30, 1998 "to assist the parties in concluding their negotiations." In your letter, you represented to the Copyright Office as follows:

Since our meeting on [May 12, 1998], the parties have continued to exchange possible settlement terms. Substantial progress has been made toward potential resolution without need of arbitration by these parties. Specific terms including finer points of a potential agreement are now under review. Although the parties have not yet reached agreement, a short additional time period would allow the parties to consider and respond to the last set of offers placed on the table by each side."

Despite that representation, neither you nor your clients has responded to the written proposal I gave you on May 21. Last week, I sent you an e-mail (as we had previously corresponded) suggesting that we meet in person to discuss any issues your clients may have concerning our proposal. This week, on Monday and again yesterday morning, I called your office to discuss this matter. On each occasion, I was told you were not available and left messages requesting that you call me back. You have yet to return those calls. It is now Friday, June 26, and we again face an imminent deadline, next Tuesday, June 30 -- the date you requested, to report to the Copyright Office.

On behalf of my clients, I have done everything I can to try to achieve a settlement of the issues your client has raised in this proceeding. We have long

PAUL, WEISS, RIFKIND, WHARTON & GARRISON

Seth D. Greenstein, Esq.

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since reached agreement with all the other parties to this proceeding. I would appreciate a response to our May 21 proposal.

Sincerely,



Carey R. Ramos

cc: David O. Carson, Esq.
Steven R. Englund, Esq.
Bruce G. Joseph, Esq.
Michael J. Remington, Esq.
Cary H. Sherman, Esq.